

Message Text

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46

ACTION COME-00

INFO OCT-01 EUR-25 ISO-00 EB-11 CIAE-00 INR-11 NSAE-00

PA-04 RSC-01 USIA-15 PRS-01 SP-03 DRC-01 /073 W

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R 291343Z AUG 74

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 2771

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMCONSUL LENINGRAD

AMEMBASSY MOSCOW

AMEMBASSY OSLO

UNCLAS STOCKHOLM 3815

PASS COMMERCE/BEWT

E.O. 11652: N/A

TAGS: ETRD, UR, US, SW

SUBJ: SWEDISH FIRM CONFIRMS PLANS TO CONSTRUCT THREE HOTELS
IN USSR

REF: MOSCOW 12932

1. BOTH SKANDINAVISKA-ENSKILDA (S-E) BANK AND SKANSKA CEMENTGJUTERIET, THE SWEDISH BUILDER, HAVE CONFIRMED TO THIS EMBASSY THAT A FRAMEWORK (BUT NOT FINAL) AGREEMENT HAS BEEN CONCLUDED FOR THE CONTRUCTION OF THREE HOTELS IN MOSCOW, LENINGRAD AND KIEV. GENERAL DESCRIPTION OF SIZE OF HOTELS, TIME REQUIRED FOR COMPLETION, AND SOUCE OF FINANCING ARE AS REPORTED IN REFTEL.

2. ADDITIONAL INFORMATION OBTAINED FROM SWEDISH BUILDER FOLLOWS: PURCHASER WILL BE INTOURIST WHEN CONSTRUCTION IS COMPLETED; GENERAL FRAMEWORK AGREEMENT HOWEVER IS WITH PROMOSIMPORT (PHONETIC); COST OR PRICE OF PROJECTS HAS YET TO BE AGREED UPON; LOAN FROM THE S-E BANK WILL RANGE SOMEWHERE BETWEEN SKR 500-600 MILLION (LOAN TO SOVIET
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FOREIGN TRADE BANK), SLIGHTLY LARGER THAN REPORTED BY

TASS, AND WILL EXTEND FOR 7-8 YEARS; AND CURRENT GUESS IS THAT CONSTRUCTION SHOULD BEGIN DURING SECOND QUARTER 1975. PRESS REPORT OF AUGUST 16 WHICH DID NOT MENTION INTERCONTINENTAL HOTEL PROVIDED FOLLOWING ADDITIONAL INFORMATION, WHICH HAS BEEN CONFIRMED BY SWEDISH BUILDER: ROUGHLY 500-600 SWEDISH WORKERS WILL BE EMPLOYED AND BUILDING MATERIAL WILL BE SUPPLIED BY SWEDEN. PRESS SPECULATES THAT ROUGHLY 80 PERCENT OF LOAN AMOUNT WILL BE REPATRIATED TO SWEDEN IN FORM OF LABOR AND MATERIAL COSTS AND THAT SUBJECT PROJECT IS PART OF SOVIET EFFORT TO MODERNIZE HOTELS TO MEET NEEDS OF 70 MILLION SOVIET TOURISTS AND THREE MILLION FOREIGN TOURISTS.

3. S-E BANK SOURCE, WHEN ASKED ABOUT INTEREST RATE, SMILED AND SAID THIS IS INCLUDED IN THE PRICE.
STRAUSZ-HUPE

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NNN

Message Attributes

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